

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN**

In Re:
Baldwin Pattie Drug Store, LLC
Debtor,

Case No. 20-01025
Chapter 11
Hon. James W. Boyd
Filed On: 3/10/2020

**SWORN STATEMENT OF MATTHEW KRAWCZAK,
PRESIDENT OF DEBTOR, IN SUPPORT
OF CHAPTER 11 FILING AND FIRST DAY MOTIONS**

I, Matthew Krawczak, declare, under penalty of perjury, pursuant to 28 USC §1746, as follows:

BACKGROUND

1. The Debtor is a small town pharmacy that opened February 1, 2009. It has always operated out of its present location. The sole owner and officer has always been me.
2. The financial concerns for the Debtor began on January 1, 2015 when a Baldwin Family Health Care opened. This is a non-profit, government funded clinic which began selling pharmaceuticals. This resulted in a significant drop in gross sales.
3. Beginning in 2018, and continuing until the present, Debtor has also been seeing less from insurance reimbursements. As an independent pharmacy there has been a significant drop in the percentage of insurance reimbursement paid to the Debtor.

EVENTS LEADING TO CHAPTER 11 FILING

4. As a result of the cash flow challenges, Debtor entered into a number of loans secured by accounts receivable. The plan was to borrow funds to supplement cash flow

and provide an opportunity to reduce overhead and take other steps to restore profitability. When profitability was restored the loans would be repaid.

5. The Debtor was able to institute changes which will hopefully enable the Debtor to operate profitably. Attached is a projection of business operations for a period of one year.

6. Unfortunately, the repayment terms required by the account receivable lenders proved to be impossible to comply with and attempts to negotiate were unsuccessful. For example, in the ninety (90) days prior to filing, the account receivable lenders were paid a total of approximately \$208,000.00.

7. The actions that forced the Chapter 11 filing were notices sent by certain account receivable lenders to essential sources of revenue, such as Amerisource Bergen, Vantav/World Pay and Express Scripts demanding that funds owed to Debtor now be sent to the lenders. This made it impossible for the Debtor to operate for any more than a few days and precipitated the decision to file Chapter 11.

CASH COLLATERAL

8. The Debtor cannot operate without the funds due from credit card purchases and prescription drug purchases. There would simply be no money to pay any bill.

9. Accounts receivable, inventory and cash on hand are expended every month and replaced at about the same amount every month. The lenders who have a lien and replacement lien on such assets are adequately protected.

EMPLOYEES

10. The Debtor employs five part time and three full time employees. If the Debtor is not allowed to pay wages as agreed the Debtor will be unable to operate.

CRITICAL VENDORS

11. The Debtor has a number of critical vendors which it needs to pay on a timely basis if it intends to continue to operate. These vendors provide insurance, merchandise and other goods and services that are necessary for the Debtor to operate. Attempting to replace the vendors would be extremely difficult and inefficient.

CONCLUSION

12. The relief sought in the First Day Motions is necessary for the Debtor to operate as a Chapter 11 bankruptcy, to avoid irreparable harm to its business and estate, and is in the best interests of the Debtor's creditors.

/s/ Matthew Krawczak
Matthew Krawczak
President of
Baldwin Pattie Drug Store, LLC

Dated: 3-11-2020